

NFIP

New Hampshire's Floodplain Management Program

Fact Sheet #7

Preferred Risk Policy Extension

Contact:

Jennifer Gilbert
Floodplain Management
Coordinator
(603) 271-1762
jennifer.gilbert@nh.gov

Web Site:

[http://www.nh.gov/oep/
programs/
floodplainmanagement](http://www.nh.gov/oep/programs/floodplainmanagement)



107 Pleasant Street
Johnson Hall 3rd Floor
Concord, NH 03301

Phone: 603-271-2155

Fax: 603-271-2615

Web: www.nh.gov/oep

A new flood insurance initiative called the Preferred Risk Policy Extension began on January 1, 2011. The purpose of this initiative is to ease the transition for property owners who have been newly mapped into a high-risk flood zone and the mandatory flood insurance purchase requirements that go along with map changes.

This initiative will provide temporary financial relief by offering eligible property owners the Preferred Risk Policy (PRP), a low-cost policy for residential and non-residential buildings and their contents, for two years.

Who is eligible?

Buildings that were newly mapped into a high-risk flood zone due to a map revision effective *on or after October 1, 2008, and before January 1, 2011*. In New Hampshire, property owners of buildings in Hillsborough and Merrimack Counties (since the maps in these counties were revised after October 1, 2008) that:

- Were shown on the community's previous FEMA floodplain map as being located in a low-to-moderate risk flood zone (e.g., labeled with Zone X, C, or D); and
- Are now shown on the community's current FEMA floodplain map as being located in a high-risk flood zone (e.g., labeled with A, AE, AO on the flood maps)

are eligible to receive the two-year reduced rate through the PRP Extension effective between January 1, 2011 and December 31, 2012.

In addition, the property must still meet PRP eligibility requirements related to claims and disaster aid.

Existing policies can be converted to the lower-cost PRP for two years beginning on the first renewal effective on or after January 1, 2011. On the third year, property owners may then be eligible for additional savings through grandfathering. For more information about grandfathering, please go to: http://www.floodsmart.gov/floodsmart/pages/flooding_flood_risks/grandfathering.jsp.

Preferred Risk Policy Extension

Important points property owners need to know:

- **Documentation is needed.** Previous and current flood zone documentation will be required by your insurance agent to validate your PRP extension eligibility. The previous map must show your building was located in a low-to-moderate risk flood zone and the current map must show your building in a high-risk flood zone. To find the historic maps and current effective maps, please go to <http://www.nh.gov/oep/programs/floodplainmanagement/maps.htm>.

Please note: Although a lender for various reasons may have not required flood insurance when the previous map was in effect, it does not necessarily mean that a building was in a low-to-moderate-risk zone on the previous map. In some instances, despite the lender's determination, a building may be shown to be in a high-risk flood zone on both the previous and current effective maps, which therefore means the property owner is not eligible for the PRP Extension.

- **Savings can be substantial for the two years.** For example, a homeowner, whose house is without a basement, will pay \$343 for \$200,000 in building and \$80,000 in contents coverage for a PRP versus more than \$1,400 for a standard low-to-moderate-risk rated policy, and even more if rated in a high-risk flood zone (i.e., A zone)...a savings of \$2,000+ for the two years.
- **Conversion of policy.** At the end of the extended eligibility period, policies on these buildings will be converted from the PRP to a standard low-to-moderate-risk rated policy. While the premium will increase, this policy option is often lower than standard high-risk rated policy.
- **The second year of the PRP is not retroactive.** FEMA cannot provide this extension retroactively. Moving forward, those eligible for the PRP will be able to purchase their policies at the lower rate for two years.
- **The risk is real.** Property owners, who now find themselves in high-risk flood areas, may now be required by lenders to purchase flood insurance. If they do not have a loan, they should still seriously consider protecting their building and contents with flood insurance.

For more information about the PRP Extension:

Please go to the FloodSmart web site at www.floodsmart.gov and click on the Preferred Risk Policy Eligibility Extension link at the top of the page and/or contact your insurance agent or FloodSmart at 1-888-379-9531.

(Information above taken from outreach materials located on FloodSmart.gov web site)